

## ALG minutes October 28, 2010

Present: Bart Wendell, Facilitator; Lauren Rosenzweig Morton, Mike Gowing (BoS); Xuan Kong, John Petersen (SC); Mary Ann Ashton, (FC) Dore Hunter (MMT); Steve Mills, Don Aicardi, Steve Ledoux and John Murray, staff. Absent: Bill Mullin, FC.

Audience: Steve Barrett, finance dept. Marie Altieri, school personnel director; Ruth Kohls, LWV; Clint Seward, Paul Huff, Dick Calandrella, and Mr. Kadlec, AVG.

Before Bart arrived, the minutes of September 16<sup>th</sup> and October 7<sup>th</sup> were accepted with minor typo corrections.

Dore reported a MM study group was close to finishing changes on the regional agreement & their report was due next week He reported that another community might join the 16-member region. All 16 towns need to pass the changes.

Mary Ann asked about a time line and if a Special Town Meeting would be required to pass the changes. Dore thought the BoS could accept the changes.

J. Petersen: at the end of this process are we to assume that there will be a capital request—is it possible that it will come for the April Town Meeting?

Dore: the formation of the MM budget is going forward now. He doubted that the capital request will be ready for this spring.

Steve L. The superintendent had lunch with the MM towns. He does not think the capital request will be ready for another year. Acton's enrollment at MM has increased from 23-31 kids that's a shift of something like 5.2-7.2% for Acton's share of the budget costs.

J. Murray: do you have any info on the budget---the numbers have a 40% increase in population, does that mean a 40% increase in assessment?

Dore: we are now educating too few at too great a [per pupil] cost.

J. Murray: the shift may be \$300k that is not in the plans

Dore: I will get the numbers up [on the web] the freshman class has grown from 70- 103 non-member towns have increased from 43-81; we expect the school population to continue to grow

Mary Ann: the enrollment info we got from the schools shows MM enrollment at 22 for Oct 09 & 23 for Oct. 10---the increase you mentioned is not reflected in the numbers we have from ABR.

Lauren suggested that Dore come back with information of the exact numbers of students at MM---he agreed.

**TASK: Dore will supply exact pupil populations for MM**

**2. Budget Revenue updates FY 11 & 12—Steve Ledoux & Steve Mills**

**Steve L:** at this point there is nothing new for FY 11---wait until after the election. State tax revenues are up a bit [but the threshold was lowered] For FY 12, the Town has started the budget process ---on The Hill day & starting meetings with individual department heads The concern comes from a MMA meeting where the prediction for the 2<sup>nd</sup> half of 2011 shows a MAJOR downturn for both state & municipal revenues---we need to think of that as we plan ahead.

(Bart Arrived!)

Steve M: Right now there seems to be no problems for FY 11. We are looking at a 9% increase for the HIT; a 10% decrease for Ch 70. We have settled with two of the three unions so we can plug in those numbers. It will be a problem to have no, or slowly increasing revenues for the next couple of years. We do have pockets of resources that are one-time monies; Ed Jobs; IDEA was \$600K; regional transportation \$600k. We have just had an external audit at ABRH by NEASC based on seven standards—everyone is critical, especially class size and number of counselors per student—we have to present a “corrective action plan” for these areas.

My sense is that it is not an expense problem but a revenue one. Our expense requests are quite conservative—the reserves—Ed Jobs & IDEA monies will be spent next year---we said we would give back \$300k but rather than give back we need to apply those dollars to next years’ budgets. The Regional PTSO is very outspoken and they are very unhappy over the NEASC report about ratios and they want to spend the money now [for their children] I am not sure it would be good to spend the money [on staff] now just to lay them off at the end of the year---that would give us [a line item] for unemployment compensation next year.

Next Tuesday [election] will be huge. If the sales tax is repealed; the governor [Patrick] has a clear track record of supporting education which will bode well for Ch 70

Mary Ann: Suggested that the focus first be on the revenue pieces.

She attended a meeting of the Association of Town Finance committees where the featured speaker was Michael Widmer of the non-profit Mass Taxpayers Association.

His points: 1. State revenues have “bottomed-out” and will now start to exceed the (lowered) benchmarks. 2. The impact of question 3 will be severe---he predicts that come Jan 1 if the rate

is lowered from 6.25% to 3% it will add an additional billion to the known \$2.5b deficit and an additional \$2b for the following fiscal year. 3. A bill passed last June relating to capital gains tax---only use 5% of the tax revenues as part of the budget process, the remaining 95% post employment benefits & a rainy day fund. 4. FY 12 will be the worst ever---long term outlook beyond FY 13 looks better.

Lauren: it's difficult not knowing what will happen at the election and what cuts there will be in state aid

MA: our assumption is that the excise tax was cut for FY11 --we think it will be flat for FY 12 & 13

Bart: are you proposing a number?

MA: I want to hear what the staff says.

Steve L: relying on MMA they are recommending that local aid will be cut 10%; 20% cut in other revenues and a 10% cut in local receipts.

Murray: level funded means we will take the FY 10 actuals and that will be the FY 11 level---we expect the revenues to start to come back for FY 12 & 13

Bart: budget for FY 11 is what?

Murray: our biggest receipt is the excise tax---the information will become available in Feb-March. We also need to remember that an incumbent governor has three weeks to prepare a budget---a new governor has 8. We will have to prepare the budget on assumptions

Don A: we expect a 10% cut for Ch 70---all others will be flat

Bart: Ch 70---10% cut; everything else 20% with FY 12 flat?

There was a question about new growth. Murray reminded them that for new growth to reach the \$500k figure with \$17/\$1000---you need \$30 m in new construction---that means significant construction & the available land is decreasing---so every year there are fewer places to put the new growth.

Steve L: the building permits are up but they are for home improvements

Murray: the forecast is 20 months from now the construction will be down; prices down & homes not selling. This sector is the worst hit all across the country.

There was a general discussion on what numbers should be used and the impacts of the upcoming election.

**\*\*\*\*\*It was agreed to go forward---to boards ---with the 10% cut in Ch.70 and 20% cut in all other state revenues.\*\*\*\*\*It was also agreed that this issue would be revisited at every ALG meeting**

**Tasks:** take info back to boards for discussion. Add to agenda

### 3. ALG Spreadsheet—new format

Info was sent by email

Mary Ann reported that she's not heard from anyone regarding the proposed changes & wondered if that meant everyone was in agreement with the new format.

Lauren noted that she had difficulty in tracking the changes & will have a sit down with Mary Ann to go over the rationale for some of the changes.

There was a general discussion about the new format & it became clear that the members did not understand that the spreadsheet would be in a "booklet form" with back pages of notes.

J. Murray suggested that the proposed changes be highlighted on the front so the group could focus on these & discuss them first---he expressed concern that there could be changes that might not be agreed to first.

Bart: I'm hearing that we go forward with the format to see how it works & some people will look at it for comprehension before [it comes to the ALG meeting]

Mary Ann added that this was a formative year [for this format] and that the spreadsheet had changed greatly over the years. Her question was who would maintain the spreadsheet. Don Aicardi volunteered and was accepted. He will work with Steve Barrett from the town staff & will ensure that it gets to the meetings.

### 4. Decision calendar---Mary Ann

**Extra info draft planning calendar sheet**

Mary Ann's draft calendar specifies the dates that the ALG needs to make important decisions & includes the dates that the boards and committees also need to discuss the agreements so that there is common agreement among all.

One early decision needs to be about the use of reserves---the FC will develop their Point of View statement at their Nov. 9<sup>th</sup> meeting---this will impact the tax setting process---this document will be sent to boards prior to ALG on Nov. 18<sup>th</sup>. The second point will be the turn backs---that will also be on the Nov. 18<sup>th</sup> agenda

Bart: will we have the split; reserve use & turn backs all on the 18<sup>th</sup>?

Steve L. I have to give the BoS the Town's budget by Dec. 20<sup>th</sup>---we will need this information. It is cutting the time short.

John P. the HIT has reserves---should those be part of a turn-back---the split is a budget estimate if we do not have the actual number [for the split] this exercise will not be helpful.

Mary Ann: It will be helpful---we need the turn-backs & the specific grants to the schools and the timetable when they must be used---we may have disagreements as to whether they are to be used as reserves-- but we need [before the ALG meeting] to have the boards clarify their positions.

J.P: we can have the clarifying discussion---we cannot have deficit spending---if the turn-backs are consistent---the clarifying discussions are irrelevant.

Bart: can we discuss turn-backs; changes in policy ---I assume you want forward movement--- nods of agreement

J. Murray: we need prelim split agreement on the 18<sup>th</sup>---we need to move up the confirmation by boards [to get the town budget out] to 1<sup>st</sup> week in December.

Bart: is there an ideal date---you need three weeks---will that mean a post Thanksgiving Day meeting?

Xuan: last year we were discussing the split up to the very last minute---the town shifted \$96k to the schools--- we need to see the best use of resources for each department--see a gross match between needs & revenue & not past practice.

Steve L: the budget has to be realistic---we'll never have a budget that meets all needs---we can't be overly optimistic

There was a general discussion on which year to use as the basis for the split decision. The real decision needs to be on the percentage points between the two and not the level of turn-backs. Xuan noted that the split is the "end point" and by knowing the needs we can determine the increase that is affordable.

**\*\*\*\*there was a consensus that the split; turn-backs; override will be discussed [consensus reached] on 12/2 & keep 12/16 as a fall back date.**

Mary Ann reminded the group that a decision on the waterfall needs to be finalized as well & it should be added to the agenda.

**\*\*\*\*It was agreed that the 11/18 meeting agenda would have: split/allocation; reserve use & waterfall**

**Task: Mary Ann will update the budget planning sheet**

## **6. Request from public for "open format for ALG meetings"---Dick Calandrella**

Mr. Calandrella stated that he thought it was "disrespectful" for ALG members to have their backs to the audience & he wanted the tables set up in the same horseshoe shape as the BoS & FC

Bart noted that the closed seating arrangement was based on research that stated when the participants could look each other in the eye---better & faster results were achieved

JP: indicated that he liked to see the expressions on the faces of other members & the mikes made the statements perfectly audible---one of the stated purposes of the ALG is to foster communication among the participating boards---television would interfere with that.

Mike suggested that the U shape have the opening facing the audience (as it was then)

Xuan suggested moving the tables 180 degrees & he would come early next meeting for the set up.

Mr. Calandrella also requested that the public have a chance to comment on the issues under discussion when they were being discussed rather than waiting to the end. He noted that Mr. Kadlec had made suggestions that were adopted by the ALG & there may in fact be other points of view that should have a chance to be discussed.

Bart: I was asked by this group to keep the time to a minimum---that's one major reason we stopped inter-issue public discussions.

J. Murray noted that the public has three opportunities to make their opinions known: BoS, SC & FC meetings

Mary Ann: agreed with John noting that frequently brief comments went on forever & getting the meetings done on time was important.

Mike suggested that the ALG adopt the LWV's two minute rule for statements

Bart said that keeping the meeting moving & on time was his responsibility & if he found that the public discussion was impeding the end-time of the meeting, he would stop the participation.

**Tasks: Xuan will move the tables before the next meeting**

Adjourned 8:45

Next meeting 11/18

Ann Chang